

House Study Bill 137

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
ECONOMIC GROWTH BILL BY
CHAIRPERSON HOFFMAN)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to economic development activities by creating
2 the grow Iowa values fund, increasing the number of members on
3 the Iowa economic development board, allowing the creation of
4 economic development regions, authorizing the certification of
5 and development of cultural districts, requiring coordination
6 of regulatory assistance, providing tax credits, and making
7 appropriations.
8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
9 TLSB 1809YC 81
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1 1 DIVISION I
1 2 GROW IOWA VALUES FUND
1 3 Section 1. NEW SECTION. 15G.108 GROW IOWA VALUES FUND.
1 4 A grow Iowa values fund is created in the state treasury
1 5 under the control of the department of economic development
1 6 consisting of moneys appropriated to the department. Moneys
1 7 in the fund are not subject to section 8.33. Notwithstanding
1 8 section 12C.7, interest or earnings on moneys in the fund
1 9 shall be credited to the fund. The fund shall be administered
1 10 by the department, which shall make expenditures from the fund
1 11 consistent with this chapter and pertinent Acts of the general
1 12 assembly. Any financial assistance provided using moneys from
1 13 the fund may be provided over a period of time of more than
1 14 one year. Payments of interest, repayments of moneys loaned
1 15 pursuant to this chapter, and recaptures of grants or loans
1 16 shall be deposited in the fund.
1 17 DIVISION II
1 18 APPROPRIATIONS
1 19 Sec. 2. NEW SECTION. 15G.111 APPROPRIATIONS.
1 20 1. a. For the fiscal period beginning July 1, 2005, and
1 21 ending June 30, 2010, there is appropriated each fiscal year
1 22 from the grow Iowa values fund created in section 15G.108 to
1 23 the department of economic development sixty million dollars
1 24 for programs administered by the department of economic
1 25 development.
1 26 b. Each year that moneys are appropriated under this
1 27 subsection, the department shall allocate a percentage of the
1 28 moneys for each of the following types of activities:
1 29 (1) Business start-ups.
1 30 (2) Business expansion.
1 31 (3) Business modernization.
1 32 (4) Business attraction.
1 33 (5) Business retention.
1 34 (6) Marketing.
1 35 (7) Research and development.
2 1 c. The department shall require an applicant for moneys
2 2 appropriated under this subsection to include in the
2 3 application a statement regarding the intended return on
2 4 investment. A recipient of moneys appropriated under this
2 5 subsection shall annually submit a statement to the department
2 6 regarding the progress achieved on the intended return on
2 7 investment stated in the application. The department, in
2 8 cooperation with the department of revenue, shall develop a
2 9 method of identifying and tracking each new job created
2 10 through financial assistance from moneys appropriated under
2 11 this subsection. The department of economic development shall
2 12 identify research and development activities funded through
2 13 financial assistance from not more than ten percent of the

2 14 moneys appropriated under this subsection, and, instead of
2 15 determining return on investment and job creation for the
2 16 identified funding, determine the potential impact on the
2 17 state's economy.

2 18 d. The department may use moneys appropriated under this
2 19 subsection to procure technical assistance from either the
2 20 public or private sector, for information technology purposes,
2 21 and for rail, air, or river port transportation-related
2 22 purposes. The use of moneys appropriated for rail, air, or
2 23 river port transportation-related purposes must be directly
2 24 related to an economic development project and the moneys must
2 25 be used to leverage other financial assistance moneys.

2 26 e. Of the moneys appropriated under this subsection, the
2 27 department may use one and one-half percent for administrative
2 28 purposes.

2 29 f. The Iowa economic development board shall approve or
2 30 deny applications for financial assistance provided with
2 31 moneys appropriated under this subsection.

2 32 g. It is the policy of this state to expand and stimulate
2 33 the state economy by advancing, promoting, and expanding
2 34 biotechnology industries in this state. To implement this
2 35 policy, the Iowa economic development board shall consider
3 1 providing assistance to projects that increase value-added
3 2 income to individuals or organizations involved in
3 3 agricultural business or biotechnology projects. Such a
3 4 project need not create jobs specific to the project site;
3 5 however, such a project must foster the knowledge and
3 6 creativity necessary to promote the state's agricultural
3 7 economy and to increase employment in urban and rural areas as
3 8 a result.

3 9 2. a. For the fiscal period beginning July 1, 2005, and
3 10 ending June 30, 2010, there is appropriated each fiscal year
3 11 from the grow Iowa values fund created in section 15G.108 to
3 12 the department of economic development fourteen million
3 13 dollars for the financial assistance for the following:

3 14 (1) Institutions of higher learning under the control of
3 15 the state board of regents and for accredited private
3 16 institutions as defined in section 261.9 for multiuse, goods
3 17 manufacturing processes approved by the food and drug
3 18 administration of the United States department of health and
3 19 human services, protein purification facilities for plant,
3 20 animal, and chemical manufactured proteins.

3 21 (2) Accelerating new business creation.

3 22 (3) Innovation accelerators and business parks.

3 23 (4) Incubator facilities.

3 24 (5) Upgrading food and drug administration drug approval
3 25 laboratories in Iowa City to a larger multiclient, goods
3 26 manufacturing processes facility.

3 27 (6) Crop and animal livestock facilities for the growing
3 28 of transgenic crops and livestock, protein extraction
3 29 facilities, containment facilities, and bioanalytical,
3 30 biochemical, chemical, and microbiological support facilities.

3 31 (7) A national center for food safety and security.

3 32 (8) Advanced laboratory space.

3 33 b. In the distribution of moneys appropriated pursuant to
3 34 this subsection, the department shall examine the potential
3 35 for using moneys appropriated pursuant to this subsection to
4 1 leverage other moneys for financial assistance to accredited
4 2 private institutions.

4 3 c. In awarding moneys appropriated pursuant to this
4 4 subsection, the department shall consider whether the purchase
4 5 of suitable existing infrastructure is more cost-efficient
4 6 than building new infrastructure.

4 7 d. An institution of higher learning under the control of
4 8 the state board of regents may apply to use financial
4 9 assistance moneys under this subsection for purposes of a
4 10 public and private joint venture to acquire infrastructure
4 11 assets or research facilities or to leverage moneys.

4 12 e. Of the moneys appropriated under this subsection over
4 13 the fiscal period and provided applications are submitted
4 14 meeting the requirements of the department, not less than
4 15 twenty-eight million dollars in financial assistance shall be
4 16 awarded to the university of Iowa, not less than thirty-four
4 17 million dollars in financial assistance shall be awarded to
4 18 Iowa state university of science and technology, and not less
4 19 than eight million dollars in financial assistance shall be
4 20 awarded to the university of northern Iowa.

4 21 3. For the fiscal period beginning July 1, 2005, and
4 22 ending June 30, 2010, there is appropriated each fiscal year
4 23 from the grow Iowa values fund created in section 15G.108 to
4 24 the general fund of the state four million dollars for payment

4 25 of tax credits approved pursuant to section 404A.4 for
4 26 projects located in certified cultural and entertainment
4 27 districts.

4 28 4. For the fiscal period beginning July 1, 2005, and
4 29 ending June 30, 2010, there is appropriated each fiscal year
4 30 from the grow Iowa values fund created in section 15G.108 to
4 31 the department of economic development one million six hundred
4 32 thousand dollars for purposes of providing financial
4 33 assistance for projects in targeted state parks and
4 34 destination parks. The department of natural resources shall
4 35 submit a plan to the department of economic development for
5 1 the expenditure of moneys appropriated under this subsection.
5 2 The plan shall focus on improving state parks and destination
5 3 parks for economic development purposes. Based on the report
5 4 submitted, the department of economic development shall
5 5 provide financial assistance to the department of natural
5 6 resources for support of state parks and destination parks.

5 7 5. For the fiscal period beginning July 1, 2005, and
5 8 ending June 30, 2010, there is appropriated each fiscal year
5 9 from the grow Iowa values fund created in section 15G.108 to
5 10 the office of the treasurer of state one million six hundred
5 11 thousand dollars for deposit in the Iowa cultural trust fund
5 12 created in section 303A.4.

5 13 6. For the fiscal period beginning July 1, 2005, and
5 14 ending June 30, 2010, there is appropriated each fiscal year
5 15 from the grow Iowa values fund created in section 15G.108 to
5 16 the department of economic development fourteen million
5 17 dollars for deposit into the workforce training and economic
5 18 development funds of the community colleges created pursuant
5 19 to section 260C.18A.

5 20 7. For the fiscal period beginning July 1, 2005, and
5 21 ending June 30, 2010, there is appropriated each fiscal year
5 22 from the grow Iowa values fund created in section 15G.108 to
5 23 the department of economic development four hundred thousand
5 24 dollars for endow Iowa grants to lead philanthropic entities
5 25 pursuant to section 15E.304.

5 26 8. For the fiscal period beginning July 1, 2005, and
5 27 ending June 30, 2010, there is appropriated each fiscal year
5 28 from the grow Iowa values fund created in section 15G.108 to
5 29 the general fund of the state four hundred thousand dollars
5 30 for payment of endow Iowa tax credits approved pursuant to
5 31 section 15E.305.

5 32 9. For the fiscal period beginning July 1, 2005, and
5 33 ending June 30, 2010, there is appropriated each fiscal year
5 34 from the grow Iowa values fund created in section 15G.108 to
5 35 the department of economic development two million dollars for
6 1 providing economic development region financial assistance
6 2 under section 15E.232, subsections 3, 4, 5, and 6, and under
6 3 section 15E.233.

6 4 10. For the fiscal period beginning July 1, 2005, and
6 5 ending June 30, 2010, there is appropriated each fiscal year
6 6 from the grow Iowa values fund created in section 15G.108 to
6 7 the general fund of the state two million dollars for payment
6 8 of economic development region revolving fund contribution tax
6 9 credits approved pursuant to section 15E.232.

6 10 11. Notwithstanding section 8.33, moneys that remain
6 11 unexpended at the end of a fiscal year shall not revert to any
6 12 fund but shall remain available for expenditure for the
6 13 designated purposes during the succeeding fiscal year.

6 14 DIVISION III

6 15 IOWA ECONOMIC DEVELOPMENT BOARD

6 16 Sec. 3. Section 15.103, Code 2005, is amended to read as
6 17 follows:

6 18 15.103 ECONOMIC DEVELOPMENT BOARD.

6 19 1. a. The Iowa economic development board is created,
6 20 consisting of ~~eleven~~ seventeen voting members appointed by the
6 21 governor and seven ex officio nonvoting members. The ex
6 22 officio nonvoting members are four legislative members; one
6 23 president, or the president's designee, of the university of
6 24 northern Iowa, the university of Iowa, or Iowa state
6 25 university of science and technology designated by the state
6 26 board of regents on a rotating basis; and one president, or
6 27 the president's designee, of a private college or university
6 28 appointed by the Iowa association of independent colleges and
6 29 universities; and one superintendent, or the superintendent's
6 30 designee, of a community college, appointed by the Iowa
6 31 association of community college presidents. The legislative
6 32 members are two state senators, one appointed by the president
6 33 of the senate, after consultation with the majority leader of
6 34 the senate, and one appointed by the minority leader of the
6 35 senate, after consultation with the president of the senate,

7 1 from their respective parties; and two state representatives,
7 2 one appointed by the speaker and one appointed by the minority
7 3 leader of the house of representatives from their respective
7 4 parties. Not more than ~~six~~ nine of the voting members shall
7 5 be from the same political party. The secretary of
7 6 agriculture or the secretary's designee shall be one of the
7 7 voting members. The governor shall appoint the remaining ~~ten~~
7 8 sixteen voting members of the board for a term of four years
7 9 beginning and ending as provided by section 69.19, subject to
7 10 confirmation by the senate, and the governor's appointments
7 11 shall include persons knowledgeable of the various elements of
7 12 the department's responsibilities.

7 13 b. Each of the following areas of expertise shall be
7 14 represented by at least one member of the board who has
7 15 professional experience in that area of expertise:

7 16 (1) Finance and investment banking.

7 17 (2) Advanced manufacturing.

7 18 (3) Statewide agriculture.

7 19 (4) Life sciences.

7 20 (5) Small business development.

7 21 (6) Information technology.

7 22 (7) Economics.

7 23 (8) Labor.

7 24 (9) Marketing.

7 25 (10) Entrepreneurship.

7 26 c. At least nine voting members of the board shall be
7 27 actively employed in the private, for-profit sector of the
7 28 economy.

7 29 2. A vacancy on the board shall be filled in the same
7 30 manner as regular appointments are made for the unexpired
7 31 portion of the regular term.

7 32 3. The board shall meet in May of each year for the
7 33 purpose of electing one of its voting members as chairperson
7 34 and one of its voting members as vice chairperson. However,
7 35 the chairperson and the vice chairperson shall not be from the
8 1 same political party. The board shall meet at the call of the
8 2 chairperson or when any ~~six~~ nine members of the board file a
8 3 written request with the chairperson for a meeting. Written
8 4 notice of the time and place of each meeting shall be given to
8 5 each member of the board. A majority of the voting members
8 6 constitutes a quorum.

8 7 4. Members of the board, the director, and other employees
8 8 of the department shall be allowed their actual and necessary
8 9 expenses incurred in the performance of their duties. All
8 10 expenses shall be paid from appropriations for those purposes
8 11 and the department is subject to the budget requirements of
8 12 chapter 8. Each member of the board may also be eligible to
8 13 receive compensation as provided in section 7E.6.

8 14 5. If a member of the board has an interest, either direct
8 15 or indirect, in a contract to which the department is or is to
8 16 be a party, the interest shall be disclosed to the board in
8 17 writing and shall be set forth in the minutes of a meeting of
8 18 the board. The member having the interest shall not
8 19 participate in action by the board with respect to the
8 20 contract. This paragraph does not limit the right of a member
8 21 of the board to acquire an interest in bonds, or limit the
8 22 right of a member to have an interest in a bank or other
8 23 financial institution in which the funds of the department are
8 24 deposited or which is acting as trustee or paying agent under
8 25 a trust indenture to which the department is a party.

8 26 Sec. 4. Section 15.104, Code 2005, is amended by adding
8 27 the following new subsection:

8 28 NEW SUBSECTION. 9. Prepare an annual report regarding the
8 29 expenditure of moneys appropriated from the grow Iowa values
8 30 fund created in section 15G.108. The report shall evaluate
8 31 the effectiveness of the expenditures for the prior calendar
8 32 year in stimulating the state economy, increasing the wealth
8 33 of Iowans, and increasing the population of the state. The
8 34 report shall also include a listing both by geographic area
8 35 and by community size of the expenditures of moneys
9 1 appropriated from the grow Iowa values fund. By February 1 of
9 2 each year, the report shall be submitted to the governor and
9 3 the general assembly.

9 4 Sec. 5. APPOINTMENTS DURING BIPARTISAN CONTROL.

9 5 Appointments of general assembly members of the Iowa economic
9 6 development board which are to be made by the president of the
9 7 senate or by the majority or minority leader of the senate
9 8 during the period that the senate for the Eighty=First General
9 9 Assembly is composed of an equal number of members of each
9 10 major political party, shall be made jointly by the co=
9 11 presidents or co=floor leaders, as appropriate, in accordance

9 12 with Senate Resolution 1, adopted during the 2005 legislative
9 13 session.

9 14 DIVISION IV
9 15 REGULATORY ASSISTANCE

9 16 Sec. 6. NEW SECTION. 15E.19 REGULATORY ASSISTANCE.

9 17 1. The department of economic development shall coordinate
9 18 all regulatory assistance for the state of Iowa. Each state
9 19 agency administering regulatory programs for business shall
9 20 maintain a coordinator within the office of the director or
9 21 the administrative division of the state agency. Each
9 22 coordinator shall do all of the following:

9 23 a. Serve as the state agency's primary contact for
9 24 regulatory affairs with the department of economic
9 25 development.

9 26 b. Provide information regarding regulatory requirements
9 27 to businesses and represent the state agency to the private
9 28 sector.

9 29 c. Monitor permit applications and provide timely permit
9 30 status information to the department of economic development.

9 31 d. Require regulatory staff participation in negotiations
9 32 and discussions with businesses.

9 33 e. Notify the department of economic development regarding
9 34 proposed rulemaking activities that impact a regulatory
9 35 program and any subsequent changes to a regulatory program.

10 1 2. The department of economic development shall, in
10 2 consultation with the coordinators described in this section,
10 3 examine, and to the extent permissible, assist in the
10 4 implementation of methods, including the possible
10 5 establishment of an electronic database, to streamline the
10 6 process for issuing permits to business.

10 7 3. By January 15 of each year, the department of economic
10 8 development shall submit a written report to the general
10 9 assembly regarding the provision of regulatory assistance by
10 10 state agencies, including the department's efforts, and its
10 11 recommendations and proposed solutions, to streamline the
10 12 process of issuing permits to business.

10 13 DIVISION V
10 14 ECONOMIC DEVELOPMENT REGIONS

10 15 Sec. 7. NEW SECTION. 15E.231 ECONOMIC DEVELOPMENT
10 16 REGIONS.

10 17 1. In order for an economic development region to receive
10 18 moneys from the grow Iowa values fund created in section
10 19 15G.108, the organization of an economic development region
10 20 must be approved by the department. The department shall
10 21 approve an economic development region that meets the
10 22 following criteria:

10 23 a. The region consists of not less than three contiguous
10 24 counties. Upon the recommendation of the director of the
10 25 department of economic development, this criterion may be
10 26 waived by the department.

10 27 b. The region establishes a single, focused economic
10 28 development effort, approved by the department, that shall
10 29 include the development of a regional development plan and
10 30 regional marketing strategies. Regional marketing strategies
10 31 must be focused on marketing the region collectively.

10 32 2. An approved economic development region may create an
10 33 economic development region revolving fund as provided in
10 34 section 15E.232.

10 35 Sec. 8. NEW SECTION. 15E.232 ECONOMIC DEVELOPMENT REGION
11 1 REVOLVING FUNDS == TAX CREDITS.

11 2 1. An economic development region approved pursuant to
11 3 section 15E.231 may create an economic development region
11 4 revolving fund.

11 5 2. a. A nongovernmental entity making a contribution to
11 6 an economic development region revolving fund, except those
11 7 described in paragraph "b", may claim a tax credit equal to
11 8 twenty percent of the amount contributed to the revolving
11 9 fund. The tax credit shall be allowed against taxes imposed
11 10 in chapter 422, divisions II, III, and V, and in chapter 432,
11 11 and against the moneys and credits tax imposed in section
11 12 533.24. An individual may claim under this subsection the tax
11 13 credit of a partnership, limited liability company, S
11 14 corporation, estate, or trust electing to have income taxed
11 15 directly to the individual. The amount claimed by the
11 16 individual shall be based upon the pro rata share of the
11 17 individual's earnings from the partnership, limited liability
11 18 company, S corporation, estate, or trust. Any tax credit in
11 19 excess of the taxpayer's liability for the tax year may be
11 20 credited to the tax liability for the following seven years or
11 21 until depleted, whichever occurs first. A tax credit shall
11 22 not be carried back to a tax year prior to the tax year in

11 23 which the taxpayer redeems the tax credit. A tax credit under
11 24 this section is not transferable.

11 25 b. Subject to the provisions of paragraph "c", an
11 26 organization exempt from federal income tax pursuant to
11 27 section 501(c) of the Internal Revenue Code making a
11 28 contribution to an economic development region revolving fund,
11 29 shall be paid from the general fund of the state an amount
11 30 equal to twenty percent of such contributed amount within
11 31 thirty days after the end of the fiscal year during which the
11 32 contribution was made.

11 33 c. The total amount of tax credits and payments to
11 34 contributors, referred to as the credit amount, authorized
11 35 during a fiscal year shall not exceed two million dollars plus
12 1 any unused credit amount carried over from previous years.
12 2 Any credit amount which remains unused for a fiscal year may
12 3 be carried forward to the succeeding fiscal year. The maximum
12 4 credit amount that may be authorized in a fiscal year for
12 5 contributions made to a specific economic development region
12 6 revolving fund is equal to two million dollars plus any unused
12 7 credit amount carried over from previous years divided by the
12 8 number of economic development region revolving funds existing
12 9 in the state.

12 10 d. The department of economic development shall administer
12 11 the authorization of tax credits under this section and
12 12 payments to contributors described in paragraph "b" and shall,
12 13 in cooperation with the department of revenue, adopt rules
12 14 pursuant to chapter 17A necessary for the administration of
12 15 this section.

12 16 3. An approved economic development region may apply for
12 17 financial assistance from the grow Iowa values fund to assist
12 18 with physical infrastructure needs related to a specific
12 19 business partner. In order to receive financial assistance
12 20 pursuant to this subsection, the economic development region
12 21 must demonstrate all of the following:

12 22 a. The ability to provide matching moneys on a one to one
12 23 basis.

12 24 b. The commitment of the specific business partner.

12 25 c. That all other funding alternatives have been
12 26 exhausted.

12 27 4. An approved economic development region may apply for
12 28 financial assistance from the grow Iowa values fund to assist
12 29 an existing business located in the economic development
12 30 region impacted by business consolidation actions. Business
12 31 consolidation actions include a substantial or total closure
12 32 of an existing business due to consolidating the existing
12 33 business out of state. In order to receive financial
12 34 assistance pursuant to this subsection, the economic
12 35 development region must demonstrate the ability to provide
13 1 matching moneys on a one-to-one basis.

13 2 5. An approved economic development region may apply for
13 3 financial assistance from the grow Iowa values fund to
13 4 implement economic development initiatives unique to the
13 5 region. In order to receive financial assistance pursuant to
13 6 this subsection, the economic development region must
13 7 demonstrate the ability to provide matching moneys on a one=
13 8 to=one basis.

13 9 6. An approved economic development region may apply for
13 10 financial assistance from the grow Iowa values fund to
13 11 implement innovative initiatives that do not qualify for
13 12 assistance under subsection 5.

13 13 7. The department may establish and administer a regional
13 14 economic development revenue sharing pilot project for one or
13 15 more regions. The department shall take into consideration
13 16 the geographical dispossession of the pilot projects. The
13 17 department shall provide technical assistance to the regions
13 18 participating in a pilot project.

13 19 8. Financial assistance under subsections 3, 4, 5, and 6
13 20 and section 15E.233 shall be limited to a total of two million
13 21 dollars each fiscal year for the fiscal period beginning July
13 22 1, 2005, and ending June 30, 2010.

13 23 Sec. 9. NEW SECTION. 15E.233 ECONOMICALLY ISOLATED
13 24 AREAS.

13 25 1. An approved economic development region may apply to
13 26 the department for approval to be designated as an
13 27 economically isolated area based on criteria as determined by
13 28 the department. An economically isolated area must consist of
13 29 at least one county meeting the county distress criteria
13 30 provided in section 15E.194. The department shall approve no
13 31 more than five regions as economically isolated areas.

13 32 2. An approved economically isolated area may apply to the
13 33 department for financial assistance from the grow Iowa values

13 34 fund of up to seven hundred fifty thousand dollars over a
13 35 five-year period for purposes of economic development-related
14 1 marketing assistance for the area. In order to receive
14 2 financial assistance pursuant to this subsection, the
14 3 economically isolated area must demonstrate the ability to
14 4 provide matching moneys on a one-to-one basis.
14 5 Sec. 10. NEW SECTION. 422.11K ECONOMIC DEVELOPMENT
14 6 REGION REVOLVING FUND TAX CREDIT.

14 7 The taxes imposed under this division, less the credits
14 8 allowed under sections 422.12 and 422.12B, shall be reduced by
14 9 an economic development region revolving fund contribution tax
14 10 credit authorized pursuant to section 15E.232.

14 11 Sec. 11. Section 422.33, Code 2005, is amended by adding
14 12 the following new subsection:

14 13 NEW SUBSECTION. 17. The taxes imposed under this division
14 14 shall be reduced by an economic development region revolving
14 15 fund contribution tax credit authorized pursuant to section
14 16 15E.232.

14 17 Sec. 12. Section 422.60, Code 2005, is amended by adding
14 18 the following new subsection:

14 19 NEW SUBSECTION. 9. The taxes imposed under this division
14 20 shall be reduced by an economic development region revolving
14 21 fund contribution tax credit authorized pursuant to section
14 22 15E.232.

14 23 Sec. 13. NEW SECTION. 432.12F ECONOMIC DEVELOPMENT
14 24 REGION REVOLVING FUND CONTRIBUTION TAX CREDITS.

14 25 The tax imposed under this chapter shall be reduced by an
14 26 economic development region tax credit authorized pursuant to
14 27 section 15E.232.

14 28 Sec. 14. Section 533.24, Code 2005, is amended by adding
14 29 the following new subsection:

14 30 NEW SUBSECTION. 6. The moneys and credits tax imposed
14 31 under this section shall be reduced by an economic development
14 32 region revolving fund contribution tax credit authorized
14 33 pursuant to section 15E.232.

14 34 DIVISION VI
14 35 CULTURAL AND ENTERTAINMENT DISTRICTS

15 1 Sec. 15. NEW SECTION. 303.3B CULTURAL AND ENTERTAINMENT
15 2 DISTRICTS.

15 3 1. The department of cultural affairs shall establish and
15 4 administer a cultural and entertainment district certification
15 5 program. The program shall encourage the growth of
15 6 communities through the development of areas within a city or
15 7 county for public and private uses related to cultural and
15 8 entertainment purposes.

15 9 2. A city or county may create and designate a cultural
15 10 and entertainment district subject to certification by the
15 11 department of cultural affairs, in consultation with the
15 12 department of economic development. A cultural and
15 13 entertainment district shall consist of a geographic area not
15 14 exceeding one square mile in size. A cultural and
15 15 entertainment district certification shall remain in effect
15 16 for ten years following the date of certification. Two or
15 17 more cities or counties may apply jointly for certification of
15 18 a district that extends across a common boundary. Through the
15 19 adoption of administrative rules, the department of cultural
15 20 affairs shall develop a certification application for use in
15 21 the certification process. The provisions of this subsection
15 22 relating to the adoption of administrative rules shall be
15 23 construed narrowly.

15 24 3. The department of cultural affairs shall encourage
15 25 development projects and activities located in certified
15 26 cultural and entertainment districts through incentives under
15 27 cultural grant programs pursuant to section 303.3, chapter
15 28 303A, and any other grant programs.

15 29 DIVISION VII
15 30 REHABILITATION PROJECT TAX CREDITS

15 31 Sec. 16. Section 404A.4, subsection 4, Code 2005, is
15 32 amended to read as follows:

15 33 4. The total amount of tax credits that may be approved
15 34 for a fiscal year under this chapter shall not exceed two
15 35 million four hundred thousand dollars. For the fiscal ~~years~~
16 1 ~~period~~ beginning July 1, 2005, and July 1, 2006 and ending
16 2 June 30, 2010, an additional ~~five hundred thousand four~~
16 3 ~~million~~ dollars of tax credits may be approved each fiscal

16 4 year for purposes of projects located in cultural and
16 5 entertainment districts certified pursuant to section 303.3B.
16 6 Any of the additional tax credits allocated for projects
16 7 located in certified cultural and entertainment districts that
16 8 are not approved during a fiscal year may be carried over to
16 9 the succeeding fiscal year. The department of cultural

16 10 affairs shall establish by rule the procedures for the
16 11 application, review, selection, and awarding of certifications
16 12 of completion. The departments of economic development,
16 13 cultural affairs, and revenue shall each adopt rules to
16 14 jointly administer this subsection and shall provide by rule
16 15 for the method to be used to determine for which fiscal year
16 16 the tax credits are available.

16 17 EXPLANATION

16 18 This bill relates to economic development activities.

16 19 DIVISION I == This division of the bill creates the grow
16 20 Iowa values fund.

16 21 The division creates the grow Iowa values fund under the
16 22 control of the department of economic development and
16 23 consisting of moneys appropriated to the fund.

16 24 DIVISION II == This division of the bill appropriates
16 25 moneys from the grow Iowa values fund to various entities.

16 26 For the fiscal period beginning July 1, 2005, and ending
16 27 June 30, 2010, the division appropriates each fiscal year to
16 28 the department of economic development \$60 million for
16 29 programs administered by the department of economic
16 30 development. The division provides for the allocation of
16 31 moneys appropriated for programs administered by the
16 32 department and for the use of 1 and 1/2 percent of the moneys
16 33 appropriated to be used by the department for administrative
16 34 purposes.

16 35 For the fiscal period beginning July 1, 2005, and ending
17 1 June 30, 2010, the division appropriates each fiscal year to
17 2 the department of economic development \$14 million for
17 3 financial assistance for institutions of higher learning under
17 4 the control of the state board of regents and for accredited
17 5 private institutions for multiuse, goods manufacturing
17 6 processes approved by the food and drug administration of the
17 7 United States department of health and human services, protein
17 8 purification facilities for plant, animal, and chemical
17 9 manufactured proteins; accelerating new business creation;
17 10 innovation accelerators and business parks; incubator
17 11 facilities; upgrading food and drug administration drug
17 12 approval laboratories in Iowa City to a larger multiclient,
17 13 goods manufacturing processes facility; crop and animal
17 14 livestock facilities for the growing of transgenic crops and
17 15 livestock, protein extraction facilities, containment
17 16 facilities, and bioanalytical, biochemical, chemical, and
17 17 microbiological support facilities; a national center for food
17 18 safety and security; and advanced laboratory space.

17 19 For the fiscal period beginning July 1, 2005, and ending
17 20 June 30, 2010, the division appropriates each fiscal year to
17 21 the general fund of the state \$4 million for payment of tax
17 22 credits approved for projects located in certified cultural
17 23 and entertainment districts.

17 24 For the fiscal period beginning July 1, 2005, and ending
17 25 June 30, 2010, the division appropriates each fiscal year to
17 26 the department of economic development \$1.6 million for
17 27 purposes of providing financial assistance for projects in
17 28 targeted state parks and destination parks.

17 29 For the fiscal period beginning July 1, 2005, and ending
17 30 June 30, 2010, the division appropriates each fiscal year to
17 31 the office of the treasurer of state \$1.6 million for deposit
17 32 in the Iowa cultural trust fund.

17 33 For the fiscal period beginning July 1, 2005, and ending
17 34 June 30, 2010, the division appropriates each fiscal year to
17 35 the department of economic development \$14 million for deposit
18 1 into the workforce training and economic development funds of
18 2 the community colleges.

18 3 For the fiscal period beginning July 1, 2005, and ending
18 4 June 30, 2010, the division appropriates each fiscal year to
18 5 the department of economic development \$400,000 for endow Iowa
18 6 grants to lead philanthropic entities.

18 7 For the fiscal period beginning July 1, 2005, and ending
18 8 June 30, 2010, the division appropriates each fiscal year to
18 9 the general fund of the state \$400,000 for payment of endow
18 10 Iowa tax credits.

18 11 For the fiscal period beginning July 1, 2005, and ending
18 12 June 30, 2010, the division appropriates each fiscal year to
18 13 the department of economic development \$2 million for
18 14 providing economic development region financial assistance.

18 15 For the fiscal period beginning July 1, 2005, and ending
18 16 June 30, 2010, the division appropriates each fiscal year to
18 17 the general fund of the state \$2 million for payment of
18 18 economic development region revolving fund contribution tax
18 19 credits.

18 20 The division provides that moneys that remain unexpended at

18 21 the end of a fiscal year shall not revert to any fund but
18 22 shall remain available for expenditure for the designated
18 23 purposes during the succeeding fiscal year.

18 24 DIVISION III == This division of the bill amends the Iowa
18 25 economic development board provisions. The bill changes the
18 26 number of voting members serving on the board from 11 members
18 27 to 17 members. The bill also provides areas of expertise that
18 28 must be represented on the board by at least one member each.

18 29 DIVISION IV == This division of the bill requires the
18 30 department of economic development to coordinate all
18 31 regulatory assistance for the state of Iowa. Each state
18 32 agency administering regulatory programs for business shall
18 33 maintain a coordinator within the agency. The division
18 34 provides that the department of economic development shall, in
18 35 consultation with the coordinators, examine, and to the extent
19 1 permissible, assist in the implementation of methods,
19 2 including the possible establishment of an electronic
19 3 database, to streamline the process for issuing permits to
19 4 business. The division was previously enacted in 2003 and
19 5 then was stricken pursuant to Rants v. Vilsack, 684 N.W.2d
19 6 193.

19 7 DIVISION V == This division of the bill relates to economic
19 8 development regions and provides for a tax credit.

19 9 The division provides for the creation of economic
19 10 development regions which must be approved by the department
19 11 of economic development before the region may receive moneys
19 12 from the grow Iowa values fund. Such regions may create
19 13 economic development region revolving funds.

19 14 The division provides that a nongovernmental entity making
19 15 a contribution to an economic development region revolving
19 16 fund may claim a tax credit equal to 20 percent of the amount
19 17 contributed to the revolving fund. The tax credit is allowed
19 18 against personal and corporate income tax, the franchise tax
19 19 for financial institutions, the insurance premium tax, and the
19 20 moneys and credits tax for credit unions. The division allows
19 21 an organization exempt from federal income tax pursuant to
19 22 section 501(c) of the Internal Revenue Code making a
19 23 contribution to an economic development region revolving fund
19 24 to be paid from the general fund of the state an amount equal
19 25 to 20 percent of such contributed amount within 30 days after
19 26 the end of the fiscal year during which the contribution was
19 27 made. The total amount of tax credits and payments to
19 28 contributors, referred to as the credit amount, authorized
19 29 during a fiscal year shall not exceed \$2 million plus any
19 30 unused credit amount carried over from previous years. The
19 31 division provides that any credit amount which remains unused
19 32 for a fiscal year may be carried forward to the succeeding
19 33 fiscal year. The division provides that the maximum credit
19 34 amount that may be authorized in a fiscal year for
19 35 contributions made to a specific economic development region
20 1 revolving fund is equal to \$2 million plus any unused credit
20 2 amount carried over from previous years divided by the number
20 3 of economic development region revolving funds existing in the
20 4 state.

20 5 The division provides that an economic development region
20 6 may apply for financial assistance from the grow Iowa values
20 7 fund to assist with physical infrastructure needs related to a
20 8 specific business partner, to assist an existing business
20 9 located in the region impacted by business consolidation
20 10 actions, to implement economic development initiatives unique
20 11 to the region, or to implement innovative initiatives that do
20 12 not otherwise qualify for financial assistance. The division
20 13 allows the department to establish and administer a regional
20 14 economic development revenue sharing pilot project for one or
20 15 more regions. The division limits financial assistance to
20 16 economic development regions to a total of \$2 million each
20 17 fiscal year for the fiscal period beginning July 1, 2005, and
20 18 ending June 30, 2010.

20 19 The division allows an approved economic development region
20 20 to apply to the department for approval to be designated as an
20 21 economically isolated area based on criteria as determined by
20 22 the department. An economically isolated area must consist of
20 23 at least one county meeting the county distress criteria
20 24 provided under the enterprise zone program. The division
20 25 limits the number of economically isolated areas to five
20 26 regions. The division provides that an approved economically
20 27 isolated area may apply for financial assistance from the grow
20 28 Iowa values fund of up to \$750,000 over a five-year period for
20 29 purposes of economic development-related marketing assistance
20 30 for the area.

20 31 DIVISION VI == This division of the bill relates to the

20 32 establishment of cultural and entertainment districts. The
20 33 cultural and entertainment district legislation was previously
20 34 enacted in 2003 and then stricken pursuant to Rants v.
20 35 Vilsack, 684 N.W.2d 193. The division allows a city or county
21 1 to create and designate a district subject to certification by
21 2 the department of cultural affairs, in consultation with the
21 3 department of economic development. The division provides
21 4 that a district shall consist of a geographic area not
21 5 exceeding one square mile in size.

21 6 The division provides that district certification is for a
21 7 period of 10 years and allows for the certification of areas
21 8 that extend across boundaries of cities and counties. The
21 9 division provides that the department of cultural affairs
21 10 shall encourage development projects and activities located in
21 11 certified cultural and entertainment districts through
21 12 incentives under cultural grant programs and any other grant
21 13 programs.

21 14 DIVISION VII == This division of the bill relates to
21 15 rehabilitation project tax credits. The division provides
21 16 that, for the fiscal period beginning July 1, 2005, and ending
21 17 June 30, 2010, an additional \$4 million of the rehabilitation
21 18 tax credits may be approved each fiscal year for purposes of
21 19 projects located in certified cultural and entertainment
21 20 districts. The division allows any additional tax credits
21 21 allocated for projects located in cultural and entertainment
21 22 districts that are not approved during a fiscal year to be
21 23 carried over to the succeeding fiscal year.

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